



# Department of Justice

FOR IMMEDIATE RELEASE  
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**JUSTICE DEPARTMENT CLEARS ALCOA'S PROPOSED ACQUISITION OF  
ALUMAX AFTER ALCOA AGREES TO SELL ITS CAST PLATE OPERATIONS**

WASHINGTON, D.C. -- The Aluminum Company of America (Alcoa) will be allowed to go forward with its proposed \$3.8 billion acquisition of Alumax Inc. now that Alcoa has agreed to sell its aluminum cast plate operations, under a proposed settlement reached today with the Department of Justice.

Without the divestiture, the Alcoa/Alumax deal would eliminate the head-to-head competition that exists between Alcoa and Alumax, and consumers likely would face higher prices for cast plate. Alcoa and Alumax control almost 90 percent of the worldwide market for cast plate and are one another's most significant competitor.

"Competition between Alcoa and Alumax, which together control over 90 percent of the worldwide market for cast plate, has meant lower prices for cast plate customers," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, "Today's settlement will protect consumers of cast plate from higher prices and reduced quality."

Cast plate is a flat aluminum product that resists warping. It is used in machinery that makes products for packaging frozen foods, and aircraft and automotive parts, which must be very precise in terms of both size and shape.

In a complaint, filed together with a proposed settlement today, the Department of Justice sought to block Alcoa's acquisition of Alumax. It alleged the companies are two of only three producers of cast plate and are each other's most significant competitor. They compete aggressively to offer customers the best quality cast plate at the lowest possible prices. The proposed acquisition would eliminate that competition, likely causing Alcoa to raise prices, reduce quality, and decrease production of cast plate.

The proposed settlement, which still must be approved by the Court, would resolve the lawsuit. Under the terms of the settlement, Alcoa will sell its cast plate operations, including its Vernon, California plant that makes cast plate, to a firm that will continue to manufacture and sell cast plate. The proposed settlement will preserve competition in the \$74 million market for the manufacture and sale of cast plate.

The Department's Antitrust Division filed the complaint and proposed settlement in U.S. District Court in Washington, D.C.

Alcoa is a Pennsylvania corporation headquartered in Pittsburgh, with 1997 sales of over \$13 billion. Alcoa produces primary aluminum and fabricated aluminum products. Last December, Alcoa abandoned its plans to acquire Reynolds Metals Company's aluminum rolling mill and other related assets located in Alabama after the Department sued to block that acquisition.

Alumax is a Delaware corporation headquartered in Atlanta, Georgia, with total sales of about \$3 billion.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to Roger W. Fones, Transportation Energy & Agriculture Section, Antitrust Division, U.S. Department of Justice, 325 7<sup>th</sup> Street, N.W., Suite 500, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon its finding that it serves the public interest.

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